

Fast Facts about California-India Trade Relations

Compiled by: Assembly Committee on Jobs, Economic Development, and the Economy
V. Manuel Pérez, Chair

India's economy is the fifth largest global economy. Its population is estimated at 1.2 billion and its total GDP is around \$4.06 trillion. India's growth rate, currently at 10.4%,¹ continues to rise as a result of a market-oriented economic reform that began in 1991.²

California's Trade Economy

- Exports from California accounted for 11.2% of all U.S. exports in 2010.³
- California's export shipments of merchandise in 2010 totaled \$143.3 billion.⁴ California's year- to- date export shipments of merchandise in 2011 (January- April 2011) totals \$32.8 billion, ranking second to Texas (with \$60.2 billion) among U.S. states in terms of exports of products in 2011.⁵ However, if the value of goods and services were added to total export revenue, it is estimated that California would rank first in total exports. In terms of total output, or GDP, service industries make up 79.9% of the California economy.⁶
- Nearly one quarter (23.7%) of all manufacturing workers in California depend on exports for their jobs.⁷
- Small and medium-sized firms generated more than 44% of California's total merchandise exports in 2008.⁸
- California exported to 227 foreign markets in 2010,⁹ the largest export partner being Mexico (\$21 billion), followed by Canada (\$16.1 billion), and China (\$12.5 billion).¹⁰
- California exported \$3.3 billion (2.3% of its total annual exports in 2010) to India that year.¹¹
- California was the US's highest exporting state to Asia (\$61.2 billion) in 2010.¹²
- California's largest merchandise export categories are computers and electronic products, accounting for \$43.1 billion of California's total merchandise exports in 2010.¹³

Profile of India

- India's official name is "Republic of India," and its capital is New Delhi.¹⁴ It is made up of 28 States and 7 Union territories.¹⁵
- India's population is currently estimated at 1.2 billion, and grows 1.34% annually.¹⁶ It's most populated cities are New Delhi (21.72 million,) Mumbai (19.71 million,) and Kolkata (15.30 million).¹⁷
- India's GDP was estimated at \$4.06 trillion in 2010 and GDP growth that year was 10.4 %, up from 6.8% in 2009.¹⁸
- While agriculture accounts for 52% of India's 478.3 million labor force, services are the major source of economic growth in the last decade. While accounting for only 34% of the labor force, services contributed to 55.3% of India's output in 2010.¹⁹
- Although 25% of India's population lives below the poverty line,²⁰ there is a growing middle class of over 50 million (a number expected to increase tenfold in the next 15 years) with disposable incomes for consumer goods.²¹

Indian Industry

- India is developing into an open market economy. Economic liberalization including industrial deregulation, privatizing state-owned enterprises, and reduced controls on foreign trade and investment began in the early 1990s and has served to accelerate the country's growth (which has averaged more than 7% per year since 1997).²²
- India's growing educated, English-speaking population has provided a comparative advantage in its transition into a major exporter of software services and workers.²³
- The fast growing software sector is boosting service exports and modernizing India's economy. Software export revenue exceeded \$35 billion and business process outsourcing revenue rose to \$14.8 billion in 2009.²⁴ Total export revenue in 2009 was \$168.2 billion.²⁵
- Total export revenue in 2010 was \$201 billion.²⁶
- The pace of foreign investments in India have accelerated significantly since 1991 due to several factors, including production efficiency, progressive government with relaxed foreign investment rules, and employer access to a large talent pool comprised of cut throat competition.²⁷
- From 2004 to 2009, 239 Indian companies made 372 acquisitions valuing \$21 billion in the United States, creating 40,000 jobs.²⁸

Highest Grossing Indian Companies	
1. Reliance Industries 2010 Sales: \$30 billion	Produces crude oil, natural gas, and refined materials. Refined materials used in manufacturing brands like Diesel, Steve Madden, and office Depot. ²⁹
2. State Bank Of India Group 2010 Sales: \$30 billion	India's oldest bank and a public sector financial institution. ³⁰
3. Oil and Natural Gas Corporation 2010 Sales: \$20.21 billion	Establishes hydrocarbon reserves and produces crude oil and natural gas. Half of India's oil blocks awarded to ONG to control in 8 rounds of bidding under the New Exploration licensing policy of the Indian Government. ³¹

Source: Forbes.com³²

U.S. and India Economic Relations

- The U.S. is India's third largest investment partner, contributing \$9.4 billion (7%) to India's total foreign direct investment (FDI) inflow as of March 2011. Other top countries include Mauritius, investing \$7 billion (42% of India's FDI), and Singapore, investing \$1.2 billion (9%).³³
- U.S.-India bilateral merchandise trade in 2010 was \$10.3 billion. Year-thus-far figures for 2011 (January- April) have reached \$4.7 billion.³⁴
- The U.S. is India's second largest export market, representing 12.59% of all exports in 2010 (following the United Arab Emirates with 12.87%).³⁵
- Top U.S. merchandise exports to India include miscellaneous manufactured commodities (\$3.3 billion in total export revenue in 2010), chemicals (\$3.9 billion), computer & electronic products (\$2.1 billion), and machinery (\$2.1 billion).³⁶
- From 2004 to 2009, US exports to India grew by a total of 269%, faster than exports to all other countries. India's exports to the U.S. grew by 136% in that time.³⁷
- The U.S. is India's second largest import market, representing 7.16% of all imports in 2010 (following China with 10.94%).³⁸
- Top U.S. merchandise imports from India include miscellaneous manufactured commodities (\$7.1 billion in total import revenue in 2010), chemicals (\$4.7 billion), apparel manufacturing products (\$3.2 billion), and textile manufacturing products (\$2.2 billion).³⁹
- India is the 17th largest export market for US goods. Exports to India for the first three months of 2011 have increased over 7% from the same period last year.⁴⁰
- There are more than 76,000 Indian students studying abroad in the U.S. The U.S. receives more international students from India than from any other country.⁴¹
- There are about 50,000 physicians (and 15,000 medical students) of Indian heritage in the United States, serving in cities, rural, and peripheral areas throughout the country.⁴²
- A Duke University- UC Berkley study found that Indian immigrant entrepreneurs had founded more engineering and technology companies here between 1995 and 2005 than did immigrants from Britain, China, Japan, and Taiwan combined.⁴³
- On May 13, 1998, former President Bill Clinton imposed economic sanctions on India in what was considered by the Business Standard to be a means of discouraging nuclear testing by cutting off bilateral trade, economic aid, and loans from US banks to Indian companies.⁴⁴
- Because trade with US constituted only a small part of India's GDP, the sanctions were considered ineffective, but the sanctions seem to have had a lasting impact on the U.S.'s trade relations with India. In October 1999, President Clinton waived sanctions with regard to certain programs and commercial transactions specific to each country, and in August 2001, Congress and the Bush Administration called for a removal of all sanctions in hope of improving trade relations as India's economy began its rapid growth.⁴⁵

California and India Trade Relations

- India ranks 18th on California's list of importing partners.⁴⁶
- California imported \$0.7 billion in Indian merchandise in the first quarter of 2011, and \$2.8 billion (0.8% of total annual imports) in 2010.⁴⁷
- California's top imports from India are miscellaneous manufactured commodities (\$0.9 billion), apparel manufacturing products (\$0.4 billion), and computer & electronic products (\$0.1 billion).⁴⁸
- India ranks 12th on California's list of exporting partners.⁴⁹
- California exported \$0.9 billion in merchandise to India in the first quarter of 2011⁵⁰ and \$3.3 billion (2.3% of total annual exports) in 2010.⁵¹
- California's top exports to India are miscellaneous manufactured goods (\$1.75 billion in export revenue,) computer and electronic products (\$680 million), and agricultural products (\$313 million).⁵²

- ¹<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ²<http://www.state.gov/r/pa/ei/bgn/3454.htm>; accessed 6/07/11
- ³<http://www.census.gov/foreign-trade/statistics/state/data/ca.html>; accessed 6/07/11
- ⁴<http://www.census.gov/foreign-trade/statistics/state/data/ca.html>; accessed 6/07/11
- ⁵<http://www.census.gov/foreign-trade/Press-Release/2011pr/04/exh2s.pdf>; accessed 6/09/11
- ⁶<http://www.labor.ca.gov/panel/pdf/green.pdf>; "2.1.2 International Trade Flows" accessed 6/09/11
- ⁷http://www.trade.gov/mas/ian/statereports/states/tg_ian_002717.asp; International Trade Administration, U.S. Department of Commerce, "California Depends on World Markets," accessed 6/07/11
- ⁸http://www.trade.gov/mas/ian/statereports/states/tg_ian_002717.asp; International Trade Administration, U.S. Department of Commerce, "California Depends on World Markets," accessed 6/07/11
- ⁹<http://tse.export.gov/TSE/ChartDisplay.aspx>; accessed 6/09/11
- ¹⁰http://www.trade.gov/mas/ian/statereports/states/tg_ian_002717.asp; International Trade Administration, U.S. Department of Commerce, "California Depends on World Markets," accessed 6/07/11
- ¹¹<http://www.census.gov/foreign-trade/statistics/state/data/ca.html#ctry>; accessed 6/09/11
- ¹²<http://tse.export.gov/TSE/ChartDisplay.aspx>; accessed 6/09/11
- ¹³http://www.trade.gov/mas/ian/statereports/states/tg_ian_002717.asp; International Trade Administration, U.S. Department of Commerce, "California Depends on World Markets," accessed 6/07/11
- ¹⁴<http://lweb2.loc.gov/frd/cs/profiles/India.pdf>; accessed 6/07/11
- ¹⁵http://www.india.gov.in/knowindia/state_uts.php; accessed 6/09/11
- ¹⁶<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ¹⁷<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ¹⁸<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ¹⁹<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ²⁰<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ²¹<http://www.state.gov/r/pa/ei/bgn/3454.htm>; accessed 6/07/11
- ²²<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ²³<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ²⁴<http://www.state.gov/r/pa/ei/bgn/3454.htm>; accessed 6/07/11
- ²⁵<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ²⁶<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ²⁷http://www.india-us.org/resource/resmgr/Files/Executive_Summary_6.14.2010.pdf; accessed 6/14/11
- ²⁸http://www.india-us.org/resource/resmgr/Files/Executive_Summary_6.14.2010.pdf; accessed 6/14/11
- ²⁹http://www.ril.com/html/aboutus/about_brands.html; accessed 6/14/11
- ³⁰<http://www.statebankofindia.com/user.htm>; accessed 6/14/11
- ³¹http://www.ongcindia.com/profile_new.asp; accessed 6/14/11
- ³²<http://www.forbes.com/2010/04/20/global-2000-leading-world-business-global-2000-10-intro.html>; accessed 6/14/11
- ³³http://dipp.nic.in/fdi_statistics/india_FDI_March2011.pdf; "Share of Top Investing Countries FDI Equity Inflows" accessed 6/09/11
- ³⁴<http://www.census.gov/foreign-trade/balance/c5330.html>; accessed 6/20/2011
- ³⁵<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ³⁶<http://tse.export.gov/TSE/ChartDisplay.aspx>; "Year to Date 2011 Exports to India of NAICS Total All Merchandise" accessed 6/09/11
- ³⁷<http://blogs.forbes.com/kenmakovsky/2010/12/21/indias-economic-impact-on-the-u-s-a-pr-opportunity/>; accessed 6/14/11
- ³⁸<https://www.cia.gov/library/publications/the-world-factbook/geos/in.html>; accessed 6/07/11
- ³⁹<http://tse.export.gov/TSE/ChartDisplay.aspx>; "Year to Date 2011 Imports from India of NAICS Total All Merchandise" accessed 6/09/11
- ⁴⁰<http://tse.export.gov/TSE/ChartDisplay.aspx>; "Year to Date 2011 NAICS Total All Merchandise Imports to California" accessed 6/09/11
- ⁴¹http://www.forbes.com/2007/08/05/india-america-students-oped-cz_aaw_0813students.html; accessed 6/14/11
- ⁴²http://www.india-us.org/resource/resmgr/Files/Executive_Summary_6.14.2010.pdf; accessed 6/14/11
- ⁴³<http://blogs.forbes.com/kenmakovsky/2010/12/21/indias-economic-impact-on-the-u-s-a-pr-opportunity/>; accessed 6/14/11
- ⁴⁴<http://www.business-standard.com/india/news/clinton-imposes-full-sanctionsindia/22222/>; accessed 6/14/11
- ⁴⁵<http://www.hsdil.org/?view&doc=924&coll=limited>; accessed 6/14/11
- ⁴⁶<http://tse.export.gov/TSE/ChartDisplay.aspx>; "Total U.S. Imports via. California" accessed 6/09/11
- ⁴⁷<http://tse.export.gov/TSE/ChartDisplay.aspx>; "Year to Date 2011 NAICS Total All Merchandise Imports to California" accessed 6/09/11
- ⁴⁸<http://tse.export.gov/TSE/ChartDisplay.aspx>; "Year to Date 2011 NAICS Total All Merchandise Imports to California from India" accessed 6/09/11
- ⁴⁹<http://www.census.gov/foreign-trade/statistics/state/data/ca.html#ctr>; "US Imports via California; Top 25 Countries Based on 2010 Dollar Value" accessed 6/09/11
- ⁵⁰<http://tse.export.gov/TSE/ChartDisplay.aspx>; "Year to Date 2011 NAICS Total All Merchandise Exports from California to India" accessed 6/09/11
- ⁵¹<http://www.census.gov/foreign-trade/statistics/state/data/ca.html#ctry>; "Total U.S. Exports (Origin of Movement via. California)" accessed 6/09/11
- ⁵²<http://tse.export.gov/TSE/ChartDisplay.aspx>; "Year to Date 2011 NAICS Total All Merchandise Exports from California to India" accessed 6/09/11